GOVERNMENT OF INDIA
COAL
LOK SABHA

STARRED QUESTION NO:311
ANSWERED ON:05.09.2007
POLICY FOR ALLOCATION OF COAL
Gadhavi Shri Pushpdan Shambhudan

Will the Minister of COAL be pleased to state:

(a) the criteria laid down for allocation of coal blocks in the country;

(b) whether the existing process of allocation of coal blocks suffers from many loopholes; (

(c) if so, the details thereof and the reasons therefor;

(d) whether the Government intends to formulate a new policy or to revise the existing one for the allocation of coal blocks;

(e) if so, the details thereof; and

(f) the time by which the new/revised policy is likely to be formulated and implemented?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO)

(a) to (f): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN ANSWER TO PARTS (A) TO (F) OF THE LOK SABHA STARRED QUESTION NO. 311 ASKED BY SHRI P.S.GADHAVI:

(a) : Coal blocks can be allocated under the following dispensations:

(i) To Government companies for commercial mining under Government company dispensation;
(ii) To private companies as well as public sector companies for captive use in specified end uses such as generation of power, production/manufacturing of iron & steel, cement and syn gas through coal gasification and coal liquefaction, under captive dispensation;
(iii) And to power projects to be developed on the basis of tariff based bidding.

The broad criteria followed in allocation of coal blocks under the aforesaid three dispensations are as followed:

(i) Government Company Dispensation − Under this arrangement, allocations are determined on the basis of, inter-alia, preference to the States which have not been allocated any coal blocks earlier, priority to the host States in order to encourage value addition within the coal bearing State, past performance of applicants in developing coal blocks, proximity of coal blocks to the proposed end use projects, recommendation/support of State Government concerned etc.

(ii) Captive Dispensation − Allocations are decided taking into account, inter-alia, techno-economic viability of end-use project, state of project preparedness, compatibility in terms of quality and quantity of coal in a block with the requirement of end user and track record of applicant company, recommendations of the State Government and Administrative Ministry concerned etc.

(iii) For power projects to be selected through tariff based bidding, coal blocks are earmarked on the recommendations of Ministry of Power.

(b) to (d) The present system of allocation of coal blocks for captive use is based on inter-Ministerial and inter-Governmental consultations through a Screening Committee. It has its own merits. However, as the number of coal blocks available for allocation is declining and the demand for the blocks is rising, selection of an applicant has become more difficult, without adopting a more specific objective criterion.

A proposal to introduce competitive bidding system for allocation of coal blocks for captive use, through an amendment in the Mines and Minerals (Development and Regulation) Act, 1957, is under consideration of the Government.

(e) & (f) Since the matter is still under consideration of the Government and would require legislative approval, it is not possible to indicate the details of the proposed formulation and the time frame for its implementation